



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 29, 2025

Kirk Bartek, Chairperson
Village of Weston
PO Box 149
Weston, NE 68070

Dear Mr. Bartek:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the Village of Weston (Village) and its utility billing procedures. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the Village. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time.

Nevertheless, during the course of the preliminary planning work, the APA noted a certain issue that merits corrective action.

Background Information

The Village is located in Saunders County, Nebraska. The Village Board of Trustees (Board) is the governing body that exercises financial accountability and control over activities relevant to the operations of the Village. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, the ability to exert significant influence over all Village operations, and the primary responsibility for related fiscal matters.

The following comment and recommendation, which has been discussed with the appropriate members of the Village and its management, is intended to improve internal control or result in other operating efficiencies.

Comment and Recommendation

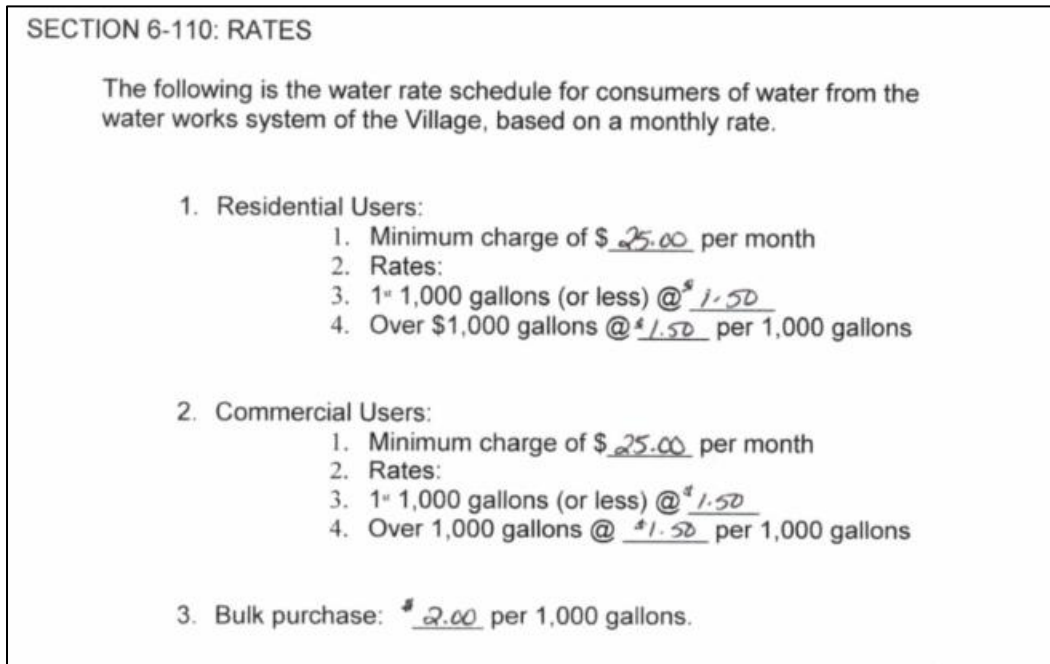
Utility Billing Issues

The APA examined the Village's utility billings for the month of February 2025 for six selected Village utility customers – two residential customers and four commercial customers. From these billings, the APA determined that the Village appears to have underbilled these customers by a total of \$24.41 for the February 2025 billing period. The table below summarizes the total amount underbilled by the Village:

Description	Underbilled Amount
Inaccurate Billings	\$9.00
Incorrect Taxation of Utility Service	\$15.41
Total	\$24.41

Inaccurate Billings

The APA recalculated the utility billings for the six aforementioned utility customers and noted that the Village failed to bill customers using the proper water usage rates, which were set by Ordinance No. 2023-03 adopted by the Village Board on September 7, 2023. The image below is an excerpt of the Ordinance showing the Board-approved water usage rates:



For both commercial and residential customers, the water rate schedule states that usage up to the first 1,000 gallons should be charged at \$1.50. Any usage over 1,000 gallons should be charged at \$1.50 per 1,000 gallons. However, the Village did not charge any of the six utility customers examined for water service usage up to the first 1,000 gallons. When compared with the APA’s recalculation of the billings, the Village underbilled the customers examined by a total of \$9, as shown in the table below:

Village Utility Billing Invoices and Meter Readings							APA Recalculation		Underbilled Amount
Customer	Service Period	Beginning Reading	Ending Reading	Total Usage (in thousands)	Water Base Charge	Water Usage Charge	Water Base Charge	Water Usage Charge	
Residential #1	2/1/25 - 3/1/25	1,200	1,203	3	\$25.00	\$3.00	\$25.00	\$4.50	\$1.50
Residential #2	2/1/25 - 3/1/25	1,833	1,839	6	\$25.00	\$7.50	\$25.00	\$9.00	\$1.50
Commercial #1	2/1/25 - 3/1/25	34	35	1	\$25.00	\$0.00	\$25.00	\$1.50	\$1.50
Commercial #2	2/1/25 - 3/1/25	226	226	0	\$25.00	\$0.00	\$25.00	\$1.50	\$1.50
Commercial #3	2/1/25 - 3/1/25	330	330	0	\$25.00	\$0.00	\$25.00	\$1.50	\$1.50
Commercial #4	2/1/25 - 3/1/25	1,879	1,884	5	\$25.00	\$6.00	\$25.00	\$7.50	\$1.50
Total									\$9.00

Incorrect Taxation of Utility Service

During examination of the two residential utility customers’ utility bills for February 2025, the APA noted that the Village did not properly charge any sales tax on sewer usage fees. Moreover, the water and sewer utility services reported on the February 2025 bills of the four commercial customers examined were not taxed at all.

The following is a redacted image of the February 2025 billing for one of the commercial customers examined:

Further, 316 Nebraska Administrative Code (NAC) 1-066.01 (June 24, 2017) of the administrative rules and regulations promulgated by the Department states, “The sales or use tax applies to all retail sales of sewer and water services.”

With the passage of 2021 Neb. Laws LB 26, § 4, a sales and use tax exemption was provided for residential water service per Neb. Rev. Stat. § 77-2704.68 (Cum. Supp. 2024). This section, which became operative on October 1, 2021, provides the following:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of residential water service.

Although the Department’s rules and regulations appear to have been superseded by § 77-2704.68, the APA is unaware of any other exemptions that would allow for sewer utility service not to be taxed for either residential or commercial customers.

Good internal controls require procedures to ensure that utilities are billed at rates that agree to the most recently passed ordinance. Additionally, sales tax should be properly applied to residential and commercial utility customers alike.

Without such procedures, there is an increased risk of loss or misuse of Village funds.

We recommend the Village implement procedures to ensure utilities are billed at rates that agree to the most recently passed ordinance, and sales tax is properly applied to both residential and commercial utility customers’ accounts.

Village Response:

It is the Village’s belief that none of the discrepancies were made with fraudulent intentions, even from the previous board members or clerks. It was merely a computer system error that was not noticed and ignorance of the full tax laws in regards to utilities. The Village appreciates questions and inquiries when discrepancies are noticed to ensure everyone understands what is being charged and transparency is achieved. And if our residents are not comfortable with approaching the Board members or the Clerk directly, at least there is a source they can reach out to in the form of your office where they can feel comfortable reporting their concerns.

* * * * *

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

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Mason Culver – Auditor-In-Charge

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Sincerely,



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